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## CHAPTER - III

# THE COMPANIES ACT, 1956 AND ITS ADMINISTRATION

### Objectives and Policies of the Companies Act, 1956

**3.1** Companies play very vital role in any economy. In our country, the Companies Act, 1956 primarily regulates the formation, financing, functioning and winding up of companies. The Act prescribes regulatory mechanism regarding all relevant aspects including organisational, financial and managerial aspects of companies. The winding up matters, presently are largely within jurisdiction of High Courts. Regulation of the financial and management aspects constitutes the main focus of the Act. In the functioning of corporate sector, although freedom of companies is important, protection of investors and shareholders is also equally important. The Companies Act plays the balancing role between these two competing factors, namely, management autonomy and investor protection. The main objects of the Act are as under.

- (a) To protect the interests of a large number of shareholders, as there exists separation of ownership from management in a company;
- (b) To safeguard the interests of creditors;
- (c) To help the development of companies in India on healthy lines, because corporate sector constitutes a very important segment of the economy;
- (d) To help the attainment of the ultimate ends of social and economic policy of the Government;
- (e) To equip the Government with adequate powers to intervene in the affairs of a

company in public interest and as per procedure prescribed by law so that the interests of all stakeholders may be protected from unscrupulous management.

These objectives are achieved through measures as explained in the following paragraphs.

### Regulation of Companies

**3.2.1** The Companies Act, 1956 empowers the Central Government to inspect the books of accounts of a company, to direct special audit, to order investigation into the affairs of a company and to launch prosecution for violation of the Companies Act, 1956. Books of accounts and other documents of the companies are inspected by the officers of the Directorate of Inspection and Investigation and the Registrar of Companies. These inspections are designed to find out whether the companies conduct their affairs in accordance with the provisions of the Companies Act, 1956 to see whether any unfair practices prejudicial to public interest are being resorted to by any company or a group of companies and to examine whether there is any mismanagement which may adversely affect any interest of shareholders, creditors, employees and others. Wherever inspection reports disclose any information that may be of interest to other Departments or agencies like the Ministry of Commerce and Industry, Central Board of Direct Taxes, Enforcement Directorate, State Government or Provident Fund Authorities, such information is passed on to them. If an inspection discloses a prima facie case of fraud or cheating, action is initiated under provisions of the Companies Act, 1956 or the same is referred to the Central Bureau of Investigation.

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**3.2.2** Sections 235 and 237 of the Companies Act empower the Central Government to order investigation into the affairs of a company under circumstances specified therein. The power to appoint inspectors, to conduct investigation and to act on report of investigation remains with the Central Government. The Company Law Board is also empowered to consider application of members for conducting investigation into the affairs of a company. The powers to order investigation arise in circumstances where the business of a company is being conducted with an intent to defraud its creditors, or for unlawful purposes, or in a manner oppressive to any of its members or that if the company was formed for any fraudulent or unlawful purposes.

**3.2.3** The companies are prosecuted for committing default in filing their documents or for contravening the provisions of the Act. The Companies (Amendment) Act, 1988, introduced a new Section 621A empowering the Company Law Board and the Regional Directors to compound offences of prosecution. The power to compound is not exercisable in relation to offences, which are punishable either with imprisonment only or with imprisonment and fine.

**3.2.4** Public Limited or Private Limited company which is a subsidiary of the Public Limited company can appoint the Managerial personnel under section 269 (read with section 388) of the Companies Act, 1956 and remunerate them on its own without seeking any approval of the Central Government as prescribed under section 198 and 309 (read with Schedule XIII) of the Act. However in certain conditions a company has to seek approval of the Central Government. These conditions are:-

1. In case there is loss/inadequacy of profits in the company and the proposed remuneration is in excess of the limit as prescribed under Schedule XIII on the basis of the effective capital of the company.

2. In case where the company is a profit making company, the remuneration proposed to be paid is exceeding 5% of the net profit in case of one managerial personnel and 10% of the net profit in case of more than one managerial personnel.
3. In case where the company has defaulted in making payment of its debts (including public deposits) and interest thereon.
4. Where the company does not have any remuneration committee.
5. Where the appointee is a NRI.
6. In case of non-executive Directors the remuneration proposed to be paid is in excess of 1 % of the net profit of the company where there is any managerial personnel and 3% where there is no managerial personnel appointed by the company.
7. In case where the company has made any violation of the Act as specified in Part I of Schedule XIII of the Act and the proposed managerial personnel has been awarded any punishment or the authority concerned has imposed penalty for such violation.

### **Investor Protection**

**3.3.1** Investor Protection Cell (IPC) of the Ministry of Company Affairs was set up in 1993 to deal with investors' grievances. It receives a large number of complaints from the aggrieved investors. The complaints relate to the following broad issues.

1. non receipt of annual report
2. non receipt of dividend amount
3. non refund of application money
4. non payment of matured deposits and interest thereon
5. non receipt of duplicate shares
6. non registration of transfer of shares
7. non issue of share certificates
8. non receipt of debenture certificates

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9. non issue of right bonus shares
  10. non issue of interest on late payment
  11. non redemption of debentures and interest thereon
  12. non receipt of share certificates on conversion.

**3.3.2** With a view to improving the processing of investor's grievances, a new system for on-line lodging of complaints by investors and depositors has been developed in MCA 21 e-governance programme of the Ministry. The new system facilitates investors and depositors to electronically lodge their complaints with the IPC without the requirement of sending their grievances in writing through post. The system issues complaint number online as acknowledgement for future reference and is available on the website ([www.mca.gov.in](http://www.mca.gov.in)) of Ministry of Company Affairs.

**3.3.3** In order to actively associate the field offices in investor grievances redressal function, a nodal team headed by a designated officer has been set up in each office of Regional Directors and Registrar of Companies.

**3.3.4** The IPC has received 1172 complaints at Headquarters during the period from 1.04.2006 to 31.12.2006 from the investors/depositors, out of which 187 complaints have been settled. For rest of the complaints, action has been initiated through the jurisdictional Registrar of Companies.

**3.3.5** The Ministry also co-ordinates with the Reserve Bank of India, Department of Economic Affairs and the Securities and Exchange Board of India for redressal of complaints wherever such complaints pertain to these agencies.

## Vanishing Companies

**3.4.1** The Capital Market had witnessed a boom period during 1993-94 and 1994-95 when many new companies tapped the capital market and collected funds from the public through public issue of shares/debentures. Some of these companies defaulted in

their commitments made to the public while mobilizing funds. SEBI had identified 229 companies by October, 2000, which came out with IPOs during the period 1992-1998, as vanishing.

**3.4.2** Finance Minister in his Budget Speech on 27.2.99 had, inter alia, stated that a joint mechanism between SEBI and Ministry of Company Affairs (MCA) would be set up for taking stringent action against unscrupulous promoters who raised moneys from investors and misused them. Accordingly, a Coordination and Monitoring Committee (CMC), co-chaired by Secretary, Ministry of Company Affairs (MCA) and Chairman, SEBI was set up in March, 1999 to settle the policy issues regarding the delinquent companies/promoters and to monitor the progress in regard to action against vanishing companies. The CMC is assisted by four Task Forces, one each corresponding to a Region, falling under the jurisdiction of four Regional Directors of Ministry of Company Affairs (MCA). Other members of these Task Forces are representatives of SEBI, Regional Stock Exchange and concerned Registrar of Companies. The main responsibility of these Task Forces is to identify the companies which have disappeared, or which have misutilised funds mobilized from the investors, to suggest/take appropriate action in terms of Companies Act or SEBI Act or any other law applicable, and monitor the action initiated in different cases.

**3.4.3** For identifying a company as vanished, following criteria has been adopted:

- (i) Companies, which have not complied with listing requirements/filing requirements of Stock Exchange/ROC respectively for a period of 2 years;
- (ii) No correspondence has been received by the Exchange from the company for a period of 2 years;
- (iii) No office of the company is located at the mentioned registered office address at the time of Stock Exchange inspection.

All the conditions laid down have to be met for treating a company as vanishing and companies satisfying one or more but not all conditions are not to be considered as vanishing.

**3.4.4** Of the 229 companies earlier identified as vanished, CMC, in its meetings, held on 25.02.2003, 15.01.2004, 23.11.2004 and 18.03.2005 deleted the names of 44, 63, 7 and 1 companies respectively from the list of vanishing companies, as these companies were found to be regular in filing statutory returns, etc, resulting in the number of vanishing companies reduced to 114.

**3.4.5** Following steps have been taken/ are being taken by the Ministry against the vanishing companies and its promoters/ directors under the relevant provisions of the Companies Act, 1956 and under the Indian Penal Code:

(i) Prosecutions have been filed under Sections 62/63,68 and 628 of the Companies Act, 1956 against 107 vanishing companies for misstatement in prospectus/fraudulently inducing persons to invest money/ false statement made in the offer documents etc.

(ii) Prosecutions filed under the Companies Act, 1956 for non-filing of statutory returns;

(iii) FIRs have been Filed/Registered under the Indian Penal Code against 102/95 companies and its promoters/Directors of vanishing companies.

(iv) A Monitoring Committee (MC) was set up in August 2004 for closely monitoring all cases of prosecutions launched under the Companies Act, 1956 and FIRs filed/ registered under the Indian Penal Code against vanishing companies and their Directors. This Committee is co-chaired by Secretary, Ministry of Company Affairs and Chairman, SEBI and includes senior officials of various State Governments and the Commissioner of Police, Delhi or his representative. State authorities concerned have nominated Nodal Officers for effective coordination with the Registrar of Companies.

(v) The latest position regarding Region-wise cumulative action taken against vanishing companies, their Directors/Promoters, is given below:

|   | Northern Region | Western Region | Eastern Region | Southern Region | Total |
|---|-----------------|----------------|----------------|-----------------|-------|
| Number of vanishing Companies   | 17              | 49             | 14             | 34              | 114   |
| Number of companies against which prosecutions filed under Section 62/63, 68 & 628 of the Companies Act, 1956 | 17              | 48             | 11             | 31              | 107   |
| Number of companies against which prosecutions filed for non-filing of statutory returns.                     | 16              | 47             | 11             | 20              | 94    |
| Number of companies where FIRs filed.   | 16              | 45             | 14             | 27              | 102   |
| Number of companies where FIRs registered   | 15              | 43             | 13             | 24              | 95    |

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- (vi) Petitions have also been filed with the Company Law Board (CLB) under Sections 397/398/402/408 read with Section 406 of the Companies Act, 1956 in respect of two selected vanishing companies to disgorge the properties/money fraudulently obtained by promoters/Directors of these two vanishing companies. In one case i.e. M/s. Nuline Glassware (India) Ltd, after obtaining concurrence of the Department of Legal Affairs, an Appeal has been filed before the Hon'ble High Court, Gujarat against the dismissal order passed by the CLB and the case is yet to be listed for hearing. In the other case i.e. M/s. AVI Industries Ltd, arguments were heard and the judgment is reserved.
- (vii) The recommendations of the Expert Committee set up by the Ministry to advise the Government on the new Company Law with regard to protecting the interest of the investors are being examined in the Ministry from the point of view of providing a legal framework for safeguarding investors' interests.
- (viii) Details of Vanishing Companies and their promoters/directors have been placed on the Website of the Ministry ([www.mca.gov.in](http://www.mca.gov.in)) for wider public information.
- (ix) A website [www.watchoutinvestors.com](http://www.watchoutinvestors.com) has been created by Prime Investors Protection Association and League, with the financial assistance from the Investor Education and Protection Fund, to help the investors protect themselves from unscrupulous promoters, companies and entities. This website is a national web-based registry covering entities including companies, intermediaries and, wherever available, persons associated with such entities, who have been indicted for an economic default and/or for non-compliance of laws/guidelines. It enables investors to do a free, fast and user-friendly search on such entities/persons before making any new investments and for continuously reviewing their existing portfolio vis-a vis such entities. This website also marks a step on the part of the Ministry in promoting investor protection through various means including investor awareness and education.
- (x) The details of Vanishing Companies and their promoters/directors have been published in the Newspapers to facilitate investors to come forward and lodge their complaints against these companies in order to help the Police authorities in their investigation and prosecution launched against them in the Courts.
- (xi) Ministry is also examining feasibility of taking appropriate action against the Chartered Accountants (CAs) associated with the public issue of securities made by Vanishing Companies, which had larger issue size (Rs. 10 crores or above). The Ministry has accorded sanction to the Registrar of Companies (ROC) for prosecution of Auditors of M/s. Western India Industries Ltd., M/s. Kiev Finance Ltd. and of M/s. Vini Metaspin Steels Ltd. for contravention of provisions of Companies Act, 1956. Accordingly, prosecutions have already been launched by the concerned ROCs. The case filed against the Auditor of M/s. Vini Metaspin Steels Ltd. was dismissed by the Hon'ble Special Judge for Economic Offences at Hyderabad vide its order-dated 22.06.2006. The concerned ROC has been instructed to file Appeal before the Hon'ble High Court, Andhra Pradesh against the said order.

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- (xii) The concerned Task Forces are reviewing the working of Vanishing Companies, which had been deleted from the list, very closely with a view to keep a close watch so that such companies do not indulge in fraudulent activities again.
- (xiii) The Task Forces have been instructed to scrutinize the list of companies, which had come out with IPOs during 1998-2001 and also to scrutinize a list of companies, which was received from one of the Investors' Association.
- (xiv) Besides taking action against these companies and their promoters/directors under the Companies Act and the Indian Penal Code, the Ministry is implementing an e-Governance project under which the identity of directors has been built in through the introduction of a Director Identification Number (DIN).
- (xv) SEBI has invoked powers granted to it under Section 11/Section 11 B of the SEBI Act, 1992 and has issued orders against the vanishing companies and their promoters/Directors prohibiting them from associating in any way with the capital market activities. This order also prohibits them from dealing in securities and from accessing the capital market for a period of 5 years, which is the maximum permissible under the SEBI regulation. SEBI has debarred 100 companies and 378 Directors.
- subject to which deposits may be invited and accepted by these companies either from the public or from their members. These Rules prescribe and require every company to advertise at the time of inviting deposits a summarized financial position of the company for the preceding two financial years. The rules lay down the following conditions governing the acceptance of deposits:
- ◆ Ceiling limits of deposits with reference to the company's net worth.
  - ◆ Maximum period of 36 months for which the deposits can be accepted.
  - ◆ Maximum rate of brokerage, which can be paid by the company to brokers through whom the deposits are collected.
  - ◆ Maintenance of liquid assets to the extent of 15% of deposits maturing during the year to be invested in specified securities in order to safeguard the interests of depositors.
  - ◆ Maximum rate of interest payable on deposits.

## Acceptance of Deposits

**3.5.1** Section 58A of the Companies Act, 1956 which came into force on 1.2.1975, regulates the invitation and acceptance of deposits by non-banking non-financial companies. The Companies (Acceptance of Deposits) Rules, 1975 framed in pursuance of sub-section (1) of Section 58A of the afore mentioned Act prescribes the limits, manner and conditions

**3.5.2** Under the proviso to sub-section (7) of Section 58A, the Government is empowered to exempt a class of companies from all or any of the provisions of Section 58A. The Ministry has granted exemption vide Notification GSR No. 1075E dated 29.12.1989 from the provisions of sub-section (1) to (6) of Section 58A in respect of acceptance of deposits by issue of Commercial paper by companies which satisfy the eligibility criteria laid down by Reserve Bank of India in the Non-Banking Companies (Acceptance of Deposits through Commercial Paper) Directions 1989. The said Notification has come into force on and from 1.1.1990.

**3.5.3** Sub-section (8) of Section 58A empowers the Central Government, if it considers necessary, for avoiding any hardship or for any other just and

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sufficient reason, to grant extension of time to a company or class of companies to comply with or exempt any company or class of companies from all or any of the provisions of Section 58A either generally or for a specified period, subject to such conditions as may be specified, either prospectively or retrospectively from a date not earlier than the commencement of the Companies (Amendment) Act, 1974. In case, exemption is to be granted for a class of companies, it is to be done after consultation with the Reserve Bank of India.

**3.5.4** Sub-sections (9) & (10) of Section 58A Act empower the Company Law Board to take cognizance of any case of non-repayment of deposits on maturity and direct the company to make repayment of such deposits within such time and subject to such conditions, as may be specified in the order. Non-compliance of the orders of the Company Law Board would attract penalty by way of imprisonment, which may extend to three years and shall also be liable to a fine of not less than Rs. 500/- for every day till such non-compliance continues.

**3.5.5** During the period with effect from 1.4.2006 to 31.12.2006, Seven applications for granting exemption/extension of time under Section 58A (8) of the Companies Act, 1956 were received in addition to 23 applications brought forward from the previous year. Out of the total 30 applications, 10 applications were disposed of during the said period, and 20 applications were pending for consideration as on 31.12.2006

### **Protection of Interests of Shareholders/Consumers**

**3.6.1** In order to afford greater protection to shareholders, Section 205A has been incorporated in the Companies Act, whereby unpaid or unclaimed dividends are to be kept in a separate account for three years by the company concerned. Thereafter,

if these dividends still remain unpaid or unclaimed, these are to be transferred to the account of the Central Government, which will make necessary payments to the shareholders concerned upon an application duly made by them.

**3.6.2** The interests of consumers are also sought to be taken care of under the provisions of the Companies Act. Approval of the Central Government is required to be obtained under Section 294AA in regard to the sole selling agency agreements, which may be entered into by companies having paid up capital of Rs. 50 lakh or more. This is to ensure that the cost of commodities sold to the consumers through these agreements is not inflated by avoidable additional expenditure on the part of the companies concerned.

**3.6.3** Cost Accounting Records Rules are prescribed under Section 209(1)(d) of the Companies Act, for companies engaged in production, processing, manufacturing and mining activities. These are designed to bring cost consciousness among the companies to ensure the best use of resources by them with a view to reduce the cost of production and in turn to provide cheaper goods to the consumer.

**3.6.4** The interest of the public in general in the matter of keeping deposits with the companies has also been taken care of in the Companies Act. Under section 58A of the Companies Act, 1956, the Ministry has framed the Companies (Acceptance of Deposits) Rules, 1975. Under these Rules, companies are required to advertise and publish their financial accounts for information and guidance of the public at the time of inviting deposits. If a company fails to repay any deposit or part thereof in accordance with the terms and conditions of such deposit, the Company Law Board may, if it is satisfied that it is necessary to do so to safeguard the interests of the company, the depositors, or in the

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public interest, direct the company to make repayment of such deposit or part thereof forthwith or within such time and subject to such conditions as may be specified in the order.

## **Company Law Board**

**3.7.1** The Company Law Board has been functioning as an independent quasi-judicial body w.e.f 31.5.1991 set up by the Central Government under Section 10E of the Companies Act, 1956. The Company Law Board has framed Company Law Board Regulations 1991 prescribing the procedure for filing the applications/petitions before it. The Central Government has also prescribed the fees for making applications/petitions before the Company Law Board under the Company Law Board (Fees on applications and Petitions) Rules, 1991.

**3.7.2** The Board has its Principal Bench at New Delhi and the Additional Principal Bench at Chennai. It has Regional Benches at Mumbai, Kolkata, Chennai & New Delhi. The matters falling under section 235, 237(b), 247, 248, 250, 388B, 408 & 409 and matters falling under Chapter VI of Part VI of the Companies Act, 1956 and under section 2 A of the MRTP Act are dealt with by the Principal Bench at New Delhi. The matters falling under section 235 and 237 of the Act and matters falling under Chapter VI of Part VI of the Act in so far as they relate to Southern Region are dealt with by the Additional Principal Bench at Chennai. In Order to reduce the pendency, single Member has been entrusted to hear all types of cases from September, 2002 onwards.

**3.7.3** Petitions/applications under sections 10E, 17, 18, 19, 58A, 58AA, 79/80A, 111/111A, 113/113(3),

117, 117B, 117C, 118, 141, 144, 163, 167, 186, 196, 219, 269, 284, 304, 307, 614, and 621A of the Companies Act, 1956 and Section 45QA of the Reserve Bank of India Act, 1934 are filed before Regional Benches. In case the company fails to comply with the directions contained in the orders so passed by the Company Law Board, application under section 634A of the Companies Act, 1956 for enforcing the orders are entertained. During 1.4.2006 to 31.12.2006, 1190 applications were considered u/s 58A(9) of the Companies Act, 1956 and 45QA of the RBI Act, 1934 of which 157 were disposed of. Under other Sections of the Companies Act, 1956, 4766 petitions were considered out of which 3623 petitions were disposed of during this period. This includes 614 cases compounded under section 621A of the Companies Act, 1956.

**3.7.4** As against the sanctioned strength of nine Members (including Chairman and Vice Chairman) the constitution of the CLB as on 31.12.2006 is as follows:-

1. Shri S. Balasubramanian, Chairman
2. Shri K.K. Balu, Vice-Chairman
3. Shri C.D. Paik, Member
4. Smt. Vimla Yadav, Member

## **Company Petitions before Company Law Board**

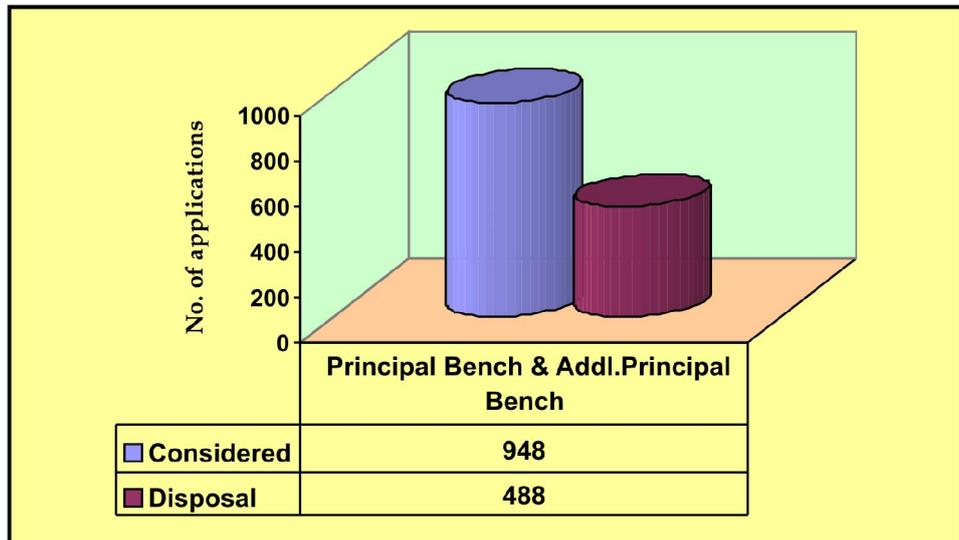
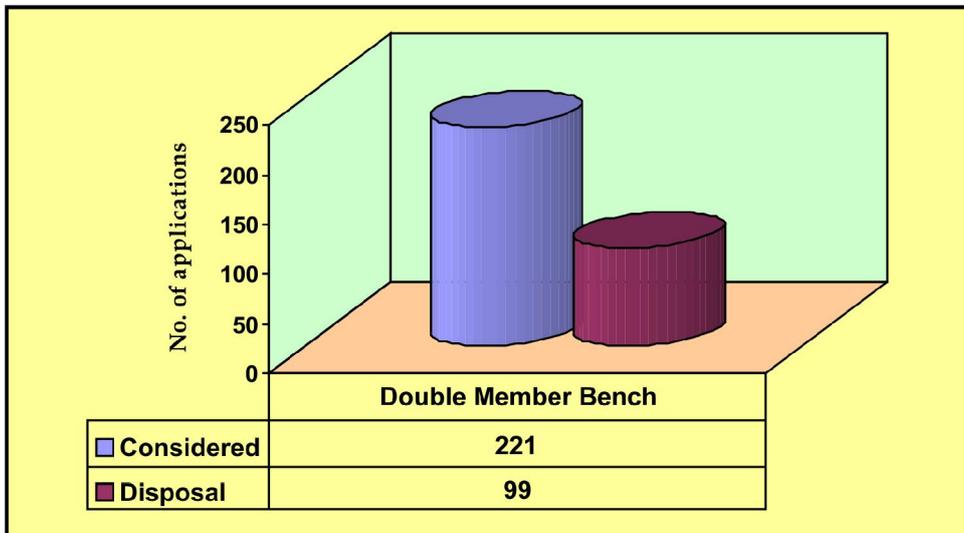
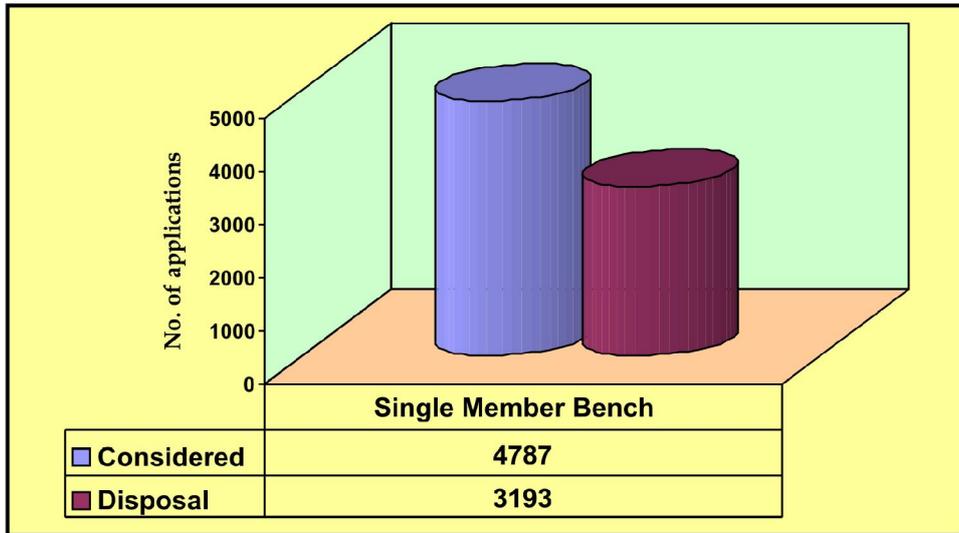
**3.8** Particulars of petitions/applications received and disposed of by various Benches including Principal Bench and Additional Principal Bench for the year 2006-2007 are given in Table 3.1.

**TABLE - 3.1**

**Consolidated Statement of Petitions/Applications received, disposed of and pending for the period 1.4.2006 to 31.12.2006**

| <b>Composition of Bench and Sections</b>   | <b>Opening Balance as on 1.4.2006</b> | <b>Receipt</b> | <b>Total (Col.Nos.2 &amp; 3)</b> | <b>Disposal</b> | <b>Pending as on 31.12.2006</b> |
|--|---------------------------------------|----------------|----------------------------------|-----------------|---------------------------------|
| <b>1</b>   | <b>2</b>                              | <b>3</b>       | <b>4</b>                         | <b>5</b>        | <b>6</b>                        |
| <b>1. Single Member Bench:</b>   |                                       |                |                                  |                 |                                 |
| Section 17   | 75                                    | 538            | 613                              | 539             | 74                              |
| Section 18/19  | 2                                     | 17             | 19                               | 18              | 1                               |
| Section 45QA of RBI Act  | 458                                   | 39             | 497                              | 67              | 430                             |
| Section 58A(9)   | 586                                   | 107            | 693                              | 90              | 603                             |
| Section 58AA(1)  | 17                                    | 10             | 27                               | 4               | 23                              |
| Section 79   | 1                                     | 0              | 1                                | 0               | 1                               |
| Section 80A  | 1                                     | 3              | 4                                | 0               | 4                               |
| Section 113/113 (3)  | 15                                    | 44             | 59                               | 47              | 12                              |
| Section 117  | 0                                     | 0              | 0                                | 0               | 0                               |
| Section 117C   | 216                                   | 1              | 217                              | 6               | 211                             |
| Section 118  | 0                                     | 0              | 0                                | 0               | 0                               |
| Section 141  | 50                                    | 1629           | 1679                             | 1640            | 39                              |
| Section 144  | 0                                     | 0              | 0                                | 0               | 0                               |
| <b>Misc. Applications</b>  | 10                                    | 48             | 58                               | 41              | 17                              |
| Section 163  | 7                                     | 2              | 9                                | 5               | 4                               |
| Section 167  | 13                                    | 3              | 16                               | 8               | 8                               |
| Section 186  | 1                                     | 2              | 3                                | 2               | 1                               |
| Section 196  | 2                                     | 4              | 6                                | 2               | 4                               |
| Section 219  | 2                                     | 1              | 3                                | 3               | 0                               |
| Section 284  | 1                                     | 8              | 9                                | 7               | 2                               |
| Section 304  | 0                                     | 0              | 0                                | 0               | 0                               |
| Section 307  | 0                                     | 0              | 0                                | 0               | 0                               |
| Section 614  | 3                                     | 1              | 4                                | 2               | 2                               |
| Section 621A   | 146                                   | 624            | 770                              | 614             | 156                             |
| Section 634A   | 30                                    | 70             | 100                              | 98              | 2                               |
| <b>Total (a)</b>   | <b>1636</b>                           | <b>3151</b>    | <b>4787</b>                      | <b>3193</b>     | <b>1594</b>                     |
| <b>2. Double Member Bench:</b>   |                                       |                |                                  |                 |                                 |
| Section 111  | 128                                   | 91             | 219                              | 99              | 120                             |
| Section 269(7)   | 0                                     | 0              | 0                                | 0               | 0                               |
| Section 634 A  | 1                                     | 1              | 2                                | 0               | 2                               |
| <b>Total (b)</b>   | <b>129</b>                            | <b>92</b>      | <b>221</b>                       | <b>99</b>       | <b>122</b>                      |
| <b>Total (a) + (b)</b>   | <b>1765</b>                           | <b>3243</b>    | <b>5008</b>                      | <b>3292</b>     | <b>1716</b>                     |
| <b>3. Principal Bench &amp; Additional Principal Bench:</b>                              |                                       |                |                                  |                 |                                 |
| Cases U/Sections 235,237,247, 250, 388B, 397/398,408 ,409 and interlocutory applications | 418                                   | 530            | 948                              | 488             | 460                             |
| <b>Grand Total</b>   | <b>2183</b>                           | <b>3773</b>    | <b>5956</b>                      | <b>3780</b>     | <b>2176</b>                     |

**Petitions/Applications considered and disposed of by the Company  
Law Board for the period 1.4.2006 to 31.12.2006**



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## **Petitions before the Company Law Board under Section 408/402/406/388/237(b) of the Companies Act**

**3.9** Section 397/398 of the Companies Act, 1956 provides for filing of application before the Company Law Board for relief in cases of oppression, mismanagement or apprehension of mismanagement of the affairs of the Company. Section 408 of the Act empowers the Central Government to appoint such number of persons on the Board of the company as directed by Company Law Board on the reference/ application made by the Government to safeguard the interests of the company or its shareholders or the general public. In addition, the Central government can also file petitions under Section 402 read with Section 406 of the Act for disgorgement of assets against the Directors of the Company when they indulged in misappropriation/misfeasance. During the period 1.4.2006 to 31.12.2006, the Government has filed petitions/applications before the Company Law Board under Sections 408 and 402 read with section 406 of the Act in respect of one company.

## **Petitions under Section 237 (b) of the Companies Act**

**3.10.1** As per section 237(b) of the Companies Act, the Central Government may file petition before Company Law Board seeking order for investigation of the Company. As on 31.12.2006 One petition was pending before Company Law Board.

**3.10.2** During the period from 1.4.2006 to 31.12.2006, 2 cases have been disposed of in High Courts while 6 cases are still pending under Section

397/398 R/W 406/408 & 237(b) of the Act. One SLP was filed by Usha India vs GOI in the Supreme Court & the case is still pending before the Apex Court.

## **Appointment of Managerial Personnel**

**3.11.1** The Ministry of Company Affairs deals with statutory applications relating to the appointment of and payment of remuneration to Managing Directors, whole-time Directors and managers of public limited companies and of private limited companies which are subsidiaries of public limited companies under Sections 269, 198/309, 310 and 388 of the Companies Act, 1956 in accordance with provisions of Schedule XIII to the said Act, as amended from time to time.

**3.11.2** To bring greater transparency in processing of various statutory applications, the status reports of these applications have already been made available on the website of the Ministry of Company Affairs, which has been appreciated by the applicant companies. Further, to bring about quicker disposal of cases and ushering in an era of e-governance, the prescribed application forms are being revised and simplified.

**3.11.3** It has been observed that applications received are generally deficient in several respects. In order to have complete information at the initial stage itself, Form Nos. 25A and 26 have been revised and are proposed to be made effective along with MCA-21 project implementation. The details of receipt and disposal of statutory applications for the period from 01.04.2006 to 31.12.2006 are given in Table 3.2 below.

**Table 3.2**

**Applications on Managerial Appointment received and disposed of by  
the Central Government during 1.4.2006 to 31.12.2006**

| <b>Sections of the Companies Act</b> | <b>Nature of Applications</b>   | <b>Pending as on 1.4.2006</b> | <b>Received during 1.4.2006 to 31.12.2006</b> | <b>Total</b> | <b>Disposed of during 1.4.2006 to 31.12.2006</b> | <b>Pending as on 31.12.2006</b> |
|--------------------------------------|---|-------------------------------|---|--------------|--|---------------------------------|
| <b>1</b>                             | <b>2</b>  | <b>3</b>                      | <b>4</b>                                      | <b>5</b>     | <b>6</b>   | <b>7</b>                        |
| 259                                  | Increase in number of Directors.  | 8                             | 10  | 18           | 8  | 10                              |
| 268                                  | Amendment of provisions In the Articles of Association relating to Managing Director or Whole time Director.  | 8                             | 12  | 20           | 12   | 8                               |
| 269/<br>Schedule XIII                | Appointment/reappointment of Managing Directors or Whole time Director/ Managers.   | 184                           | 311   | 495          | 304  | 191                             |
| 309(1B)                              | Remuneration to Directors for rendering professional services.  | 10                            | 29  | 39           | 29   | 10                              |
| 309(4)<br>(5B)                       | Remuneration to Directors other than Managing Director under Whole-time appointment/ Waiver of sums refundable to Directors.  | 10                            | 9   | 19           | 10   | 9                               |
| 310                                  | Increase in remuneration of Directors   | 35                            | 113   | 148          | 109  | 39                              |
| 314(1B)                              | Appointment/continuance of relative of a Director to hold any office or place of profit in company which carries total monthly remuneration of not less than Rs. 50,000 per month | 27                            | 68  | 95           | 59   | 36                              |
|                                      | <b>Total</b>  | <b>282</b>                    | <b>552</b>                                    | <b>834</b>   | <b>531</b>                                       | <b>303</b>                      |

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## Investigation

**3.12.1** The investigation cases of companies under Section 235/237 of the Act are entrusted to the Inspectors drawn from SFIO on the following grounds/criteria:-

- i) Where the size of the alleged fraud is estimated to be at least Rs. 50 crore or more, or;
- ii) Such companies which are listed or where the paid up capital of the company is more than Rs. five crore, and 20% or more capital is subscribed by the public; or
- iii) When the alleged fraud involves widespread public concern estimated to affect at least more than 5000 persons; or
- iv) Where investigation requires specialized skills and multidisciplinary approach.

**3.12.2** The Ministry of Company Affairs has constituted an Expert Committee to advise the Government on issues concerning the Serious Fraud Investigation Office vide Order No.2/1/2004.CL-V dated 23<sup>rd</sup> February 2006. The Expert Committee constituted under the Chairmanship of Shri Vepa Kamesam and six other members is to make recommendations to the Government on:-

- a) Assessment of the need for and details of a separate status to govern the constitution and functioning of SFIO;
- b) The nature and details of the legislative changes as may be required in existing laws, to enable effective functioning of SFIO including prosecution of offences detected by it;
- c) The mechanism for referral of cases to SFIO and coordination of activities of SFIO with other agencies/organizations of the Central and State Governments, including investigating agencies.
- d) Powers of SFIO and its investigating officers;

- e) Specification of offences and penalties to enable effective conduct of investigation agencies and the need for special Courts for trial of corporate fraud cases; and
- f) Other matters consequential to or in pursuance of the above.

**3.12.3** The period for submission of the report by expert committee has been extended upto February, 2007.

**3.12.4** During the current year, 3 cases to SFIO and 1 case to Regional Director, Chennai for investigations under Section 235/237 of the Companies Act, 1956 have been ordered by the Ministry. During the current year, 18 including 16 K.P. Group Investigation Reports have been received, out of the above 12 investigation reports have been processed and 6 are under process. There are only 4 cases pending for investigation.

## Inspections

**3.13.1** Section 209A of the Companies Act, 1956 empowers the Registrar of Companies or the officers, duly authorised by the Central Government, to undertake inspection of the books of accounts and other records of companies. Several officers of the Ministry have been authorised under this section from time to time to undertake inspections.

**3.13.2** Broadly, inspections are undertaken to serve one or more of the following objects:

- i) to verify compliance by companies of various provisions of the Companies Act, 1956;
- ii) to verify whether the company accounts represent a true and fair picture of the company's finances and whether the same have been disclosed in a manner consistent with the Companies Act;
- iii) whether the company's funds have been siphoned off, applied or diverted in a manner violative of the provisions of the Act and

- whether the company management has misused its fiduciary position for any personal advantage in violation of the Act;
- iv) whether there are acts of mis-management or oppression which adversely affect the interest of company stakeholders, or which may adversely prejudice such interests, which may merit the company to be wound up on just and equitable grounds under the Act.
- v) whether statutory auditors have carried out their duties properly while certifying true and fair view of the state of affairs of the company;
- vi) to examine legal action under the Companies Act if the company has made a default in filing its balance sheet and profit and loss account or annual return for any five consecutive financial years with the Registrar.

**3.13.3** Inspection under section 209 A of the Companies Act, 1956, of the books of accounts of the company are generally ordered on the basis of:-

- i) complaints received in the Ministry or in its field offices about mis-management in

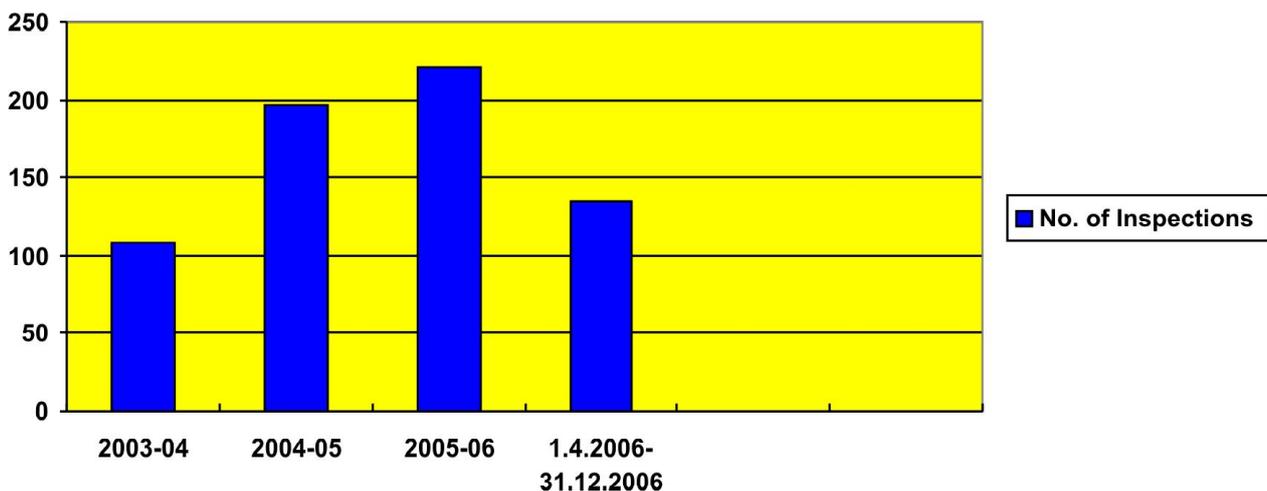
- respect of maintenance of books of accounts as prescribed under Section 209 of the Act, delay in transfer of shares/debentures, delay in payment of dividend, non-payment of deposits or interest thereon etc.
- ii) violations/irregularities noticed on scrutiny of documents including auditors remarks filed in the office of the Registrar of Companies.
- iii) reference received from other Government Departments/Agencies pointing out violations of the provisions of the Companies Act, 1956 or other irregularities.

**Table 3.3**

**Number of inspections conducted by this Ministry during last four financial years are as under:**

| Year                 | No. of Inspections |
|----------------------|--------------------|
| 2003-04              | 109                |
| 2004-05              | 197                |
| 2005-06              | 221                |
| 1.4.2006- 31.12.2006 | 135                |

**No. of inspections conducted by the Ministry during the last four Financial Years**



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## **Follow up of the report of Joint Parliamentary Committee (JPC) on Stock Market Scam**

**3.14** The Government had set up a Joint Parliamentary Committee (JPC) to investigate the Stock Market Scam. JPC submitted its report in December 2002. The Ministry of Company Affairs was asked to furnish Action Taken Report on certain recommendations of the JPC concerning this Ministry. Status reports in respect of points concerning MCA are forwarded regularly to JPC Cell in the Department of Economic Affairs who are monitoring the follow up action on the JPC Report from time to time.

### **Prosecutions**

**3.15** During the period from 1.4.2006 to 31.12.2006, a total no. of 50874 prosecutions including 45705 prosecutions brought forward from the previous year were launched and pursued in the various courts under the Company Act, 1956, Out of these, 6984 prosecutions were disposed of and a balance of 43890 prosecutions were pending as on 31.12.2006.

### **Cost Audit**

**3.16.1** In exercise of the powers conferred by sub section (l) of the Section 642 read with clause (d) of sub Section (l) of Section 209 of the Companies Act, 1956, the Central Government notify the Cost Accounting Records Rules from time to time with respect to various industries requiring every company covered under these Rules to maintain cost accounting records from the financial year on or after the publication of these Rules.

**3.16.2** The Cost Accounting Records Rules (CARRs) prescribe the manner in which cost records are to be maintained so as to have cost data base to be utilized by the industries to improve upon their performance and face competitive environment, and by various Government agencies, like, revenue authorities, regulatory bodies and other

institutions for meeting their respective objectives. Cost Accounting Records Rules have so far been notified in respect of 44 industries as indicated in Table 3.4.

**3.16.3** The Ministry took up an exercise for framing of Cost Accounting Records Rules on activities relating to Shipbuilding and Aircraft in consultation with the Ministry of Defence and PSUs, which is in progress.

**3.16.4** To simplify/ rationalize the existing Cost Accounting Records Rules and synchronize them with the likely technological changes in the manufacturing process and perceptual shift in the accounting methods and policies, the existing rules are reviewed periodically from time to time and necessary amendments are notified accordingly. During the year 2006-07, the Cost Accounting Records (Electricity Industry) Rules, 2001 have been amended and published on 27<sup>th</sup> June, 2006 vide GSR No. 387 (E). An exercise has also been made to review and amend the existing Cost Accounting Records Rules relating to Bulk Drugs and Formulations in consultation with the National Pharmaceuticals Pricing Authority (NPPA), Department of Chemical & Petrochemicals.

**3.16.5** In pursuance of the recommendation of the Committee on Sub-ordinate Legislation (14th Lok Sabha) in its 1st Report, presented to the Lok Sabha on 2nd December, 2004, for framing of policy guidelines in regard to Cost Accounting Records Rules in consultation with Ministries and Regulators concerned, the Ministry has framed policy guidelines on Cost Accounting Records Rules and Cost Audit.

**3.16.6** Under section 233B(l) of the Companies Act, 1956, cost audit orders are issued on eligible companies from time to time to get their cost records audited by a practicing Cost Accountant. On the basis of recommendations of Tea Board, cost audit orders have been issued on 38 Tea & 3 Coffee companies for the first time after notification of CARRs(Plantation Product). Cost Audit Orders

have also been issued on 3 Electricity Companies-Delhi based on the recommendation of Delhi Electricity Regulatory Commission and on 3 Pharmaceutical companies as per recommendations of National Pharmaceutical Pricing Authority's & 2 Electronic products manufacturing companies on the basis of recommendation of Commissioner of Central Excise, Bangalore.

**3.16.7** Consequent upon the launch of MCA 21 Programme under e-Governance, companies under cost audit have started filing applications and cost audit reports through electronic mode from the mid September, 2006. In compliance with Section 233B(2) of the Companies Act, 1956, 1457

applications were received for approval of appointment of cost auditors and exemption from cost audit during 1.4.2006 to 31.12.2006 as against 1207 applications received during the corresponding period of previous year. The amount of fees collected on these applications aggregated to Rs. 26.63 lakhs during 1.4.2006 to 31.12.2006 as against Rs. 22.49 lakhs received during the corresponding period of the previous year.

**3.16.8** The number of Cost Audit Report received during 1.4.2006 to 31.12.2006 was 1521 as against 1025 during the corresponding period of the previous year.

**TABLE- 3.4**

**Industries in which Cost Accounting Records Rules were notified under Section 209(1)(d) of the Companies Act, 1956**

| S.No. | Name of the Industry                    | S.No. | Name of the Industry  |
|-------|---|-------|-----------------------|
| 1.    | Aluminium                               | 23.   | Insecticides          |
| 2.    | Batteries other than dry cell batteries | 24.   | Jute goods            |
| 3.    | Bearings                                | 25.   | Milk food             |
| 4.    | Bulk Drugs                              | 26.   | Mining and Metallurgy |
| 5.    | Cement                                  | 27.   | Motor Vehicles        |
| 6.    | Chemicals                               | 28.   | Nylon                 |
| 7.    | Cosmetic and Toiletries                 | 29.   | Paper                 |
| 8.    | Cycle                                   | 30.   | Petroleum Industry    |
| 9.    | Dry Cell Batteries                      | 31.   | Plantation Products   |
| 10.   | Dyes                                    | 32.   | Polyester             |
| 11.   | Electric Cables and Conductors          | 33.   | Rayon                 |
| 12.   | Electric Fans                           | 34.   | Refrigerators         |
| 13.   | Electricity Industry                    | 35.   | Room Air Conditioners |
| 14.   | Electric Lamps                          | 36.   | Shaving Systems       |
| 15.   | Electric Motors                         | 37.   | Soaps and Detergents  |
| 16.   | Electronic Products                     | 38.   | Steel Plants          |
| 17.   | Engineering Industries                  | 39.   | Steel tubes and Pipes |
| 18.   | Fertilizers                             | 40.   | Sugar                 |
| 19.   | Footwear                                | 41.   | Telecommunications    |
| 20.   | Formulations                            | 42.   | Textiles              |
| 21.   | Industrial Alcohol                      | 43.   | Tyres and Tubes       |
| 22.   | Industrial Gases                        | 44.   | Vanaspati             |

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## **Application under Section 108A**

**3.17** Under this section, prior approval of the Central Government is required to be obtained for acquisition/transfer of shares by or to, an individual, firm group constituent of a group, body corporate or bodies corporate under the same management in relation to dominant undertaking provided there is any increase in dominance as a result of such an acquisition or transfer of shares. During the period from 1.4.2006 to 31.12.2006 the Central Government received 1 application under this section and the same was disposed of and no application was brought forward from the previous year.

## **Declaration of Dividends**

**3.18.1** Section 205A(3) of the Companies Act, 1956 makes it obligatory for a company to seek prior approval of the Central Government where owing to inadequacy or absence of profits in any year, it proposes to declare dividend out of the accumulated profits earned in the previous years and transferred to the Reserves and where declaration of dividend is not in accordance with the Companies (Declaration of Dividend out of Reserves) Rules, 1975 framed under the said section.

**3.18.2** During the period from 1.4.2006 to 31.12.2006, no application was received under this Section, while no application was brought forward from the previous year. Therefore, no application was pending as on 31.12.2006.

## **Payment of Dividend**

**3.19** Section 205(1)(c) of the Companies Act empowers the Central Government to allow any company, in public interest, to declare or pay dividend without providing for depreciation. Three such applications received during the period from April, 2006 to December 2006. All the applications were pending as on 31<sup>st</sup> December 2006.

## **Accounts of Subsidiaries**

**3.20.1** Section 212 of the Companies Act provides that the Balance Sheet of a holding company should include certain documents of its subsidiaries. However, sub-section (8) thereof empowers the Central Government to exempt a holding company from the requirements of including in Balance Sheet the said particulars of subsidiary companies.

**3.20.2** During the period 210 applications were received and 63 applications were brought forward from the previous year. Out of the total 273 applications, 256 applications were disposed of and 17 applications were pending at various stages of consideration as on 31.12.2006.

## **Appointment of Sole Selling Agents:**

**3.21.1** Sub-Section 294AA(1) of the Companies Act, 1956 requires that where the Central Government is of the opinion that the demand for goods of any category is substantially in excess of the production or supply of such goods and that the services of the Sole Selling Agents will not be necessary to create a market for such goods, the Central Government may, by notification in the Official Gazette, declare that Sole Selling Agent shall not be appointed by a company for the sale of such goods for such period as may be specified in the declaration. At present, the said prohibition on appointment of Sole Selling Agents exists only in respect of 'Bulk drugs, drugs and Formulations which has been extended for a period of three years w.e.f. 23.2.2004 vide Notification No. GSR 130(E) dated 23.2.2004.

**3.21.2** Sub-sections (2) and (3) of Section 294-AA of the Companies Act, 1956 require the companies to obtain approval of Central Government for appointment of Sole Selling Agents. Sub-section (2) applies to those companies, in which the Sole Selling Agents either by themselves or through their relatives, hold paid-up-capital of Rs. 5 lakhs or 5 per cent of the paid-up-capital of the company, whichever is less. Sub-section (3) applies to the

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companies whose paid-up capital is Rs. 50 lakhs or more.

**3.21.3** During the period 4 applications were received under sub-sections (2) & (3) of Section 294AA of the above said Act while 9 applications were brought forward from the previous year. Out of the total 13 applications, 8 applications were disposed of and 5 applications were pending at various stages of consideration as on 31.12.2006.

### **Loans to Directors and Relatives:**

**3.22.1** Section 295 of the Companies Act, 1956 requires all public companies or their subsidiaries to obtain the previous approval of the Central Government before making any loan to, or giving any guarantee or providing any security in connection with a loan made by any other person to, or to any other person by their directors, relatives of such directors, firms or private Companies in which such directors are interested and to other body corporate falling within the ambit of clauses (d) & (e) of sub-Section (1) of the said Section.

**3.22.2** During the period from 1.4.2006 to 31.12.2006 the Central Government received 22 applications under this section and 27 applications were brought forward from the previous year. Out of these 49 applications, 31 applications were disposed of and 18 application were pending as on 31.12.2006.

### **Amalgamation of Government Companies**

**3.23** During period under report, 8 cases brought forward from the previous year were considered under Section 391-394 and 396 of the Companies Act, 1956. Out of these 8 cases, 6 cases were disposed of and 2 cases were pending as on 31.12.2006.

### **Power to Declare Companies as Nidhi**

**3.24.1** Under Section 620A of the Companies Act, 1956, the Central Government is empowered to

declare by notification in the official gazette certain special type of Non-Banking Financial Companies as Nidhi companies or Mutual Benefit Societies as the case may be and direct that certain provisions of the Companies Act, 1956 shall not apply and/or, as the case may be, shall apply with certain exceptions, modifications and adaptations to the said Nidhis. During the period from 1.4.2006 to 31.12.2006 the Central Government declared 34 companies as Nidhi Companies vide Notification GSR 546(E) dated 8.9.2006, bringing the total number of Companies notified as Nidhi Companies to 291.

**3.24.2** During the aforesaid period, the Central Government received 110 applications under Section 620A of the Companies Act, 1956 and 84 applications were brought forward from the previous year. Out of these 194 applications, 91 applications were disposed off and 103 applications were pending at various stages of consideration as on 31.12.2006.

**3.24.3** The Government had set up an expert group by an order No.4/6/2004-CLVI dated 3.6.2005 under the Chairmanship of Shri A.R. Rao to review the existing regulatory framework for Nidhis with a view to ensure their orderly functioning and growth and provide the highest degree of safety to the depositors with them. The group submitted its report in the 1<sup>st</sup> week of November 2005 and the recommendations of the Group have been notified vide Notifications No. G.S.R.202 (E) and 203(E) both dated 31.3.2006 and G.S.R.517 (E) dated 31.8.2006.

### **Accord of Approval for granting contracts under Section 297(I)**

**3.25.1** Section 297(1) of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 1974 which came into force with effect from 1<sup>st</sup> February, 1975 makes it obligatory for companies having paid-up share capital of not less than Rs. 1 crore to seek prior approval of the Central Government in respect of any contract to be entered into (a) for sale, purchase or supply of goods, material or service or supply of goods, material or

service or (b) for underwriting the subscription of any share or debentures of the company with a Director of the company or his relatives, a firm in which such a Director or relative is a partner, any other partner in such a firm or a private company of which a Director is a member or Director. The powers of Central Government to accord approval under Section 297(1) of the Companies Act, 1956 have been delegated to Regional Directors with effect from 19.8.1993. This has been done with the twin purposes of decentralization and expeditious disposal.

**3.25.2** During the period from 1.4.2006 to 31.12.2006, Regional Directors considered 1,293 applications including 555 applications brought

forward from the previous year. Out of these, 1,002 applications have been Disposed of and a balance of 291 applications pending with Regional Directors as on 31.12.2006.

### **Applications considered and disposed of by the Regional Directors and Registrars of Companies**

**3.26** The powers and functions of the Central Government in respect of some Sections of the Companies Act, 1956 have been delegated to the Regional Directors located at Kolkata, Mumbai, Chennai and Noida (U.P.) and to the Registrars of Companies. Table 3.5 below shows the disposal of applications dealt with by the Regional Directors/ Registrars of Companies under the delegated powers.

**Table 3.5**

#### **Applications considered and disposed of by the Regional Directors and Registrars of Companies under various Sections of the Companies Act, 1956 during the period from April, 2006 to December, 2006**

| <b>Sl. No.</b> | <b>Section of the Companies Act and the subject matter of the application the year</b> | <b>Considered during year</b> | <b>Disposed of during the 31.12.2006</b> | <b>Pending as on</b> |
|----------------|--|-------------------------------|--|----------------------|
| <b>1</b>       | <b>2</b>   | <b>3</b>                      | <b>4</b>                                 | <b>5</b>             |
| 1              | 21 - Change of name by company   | 5180                          | 4793                                     | 387                  |
| 2              | 22 - Rectification of name of the company  | 99                            | 37                                       | 62                   |
| 3              | 25 - Grant of licence  | 216                           | 125                                      | 91                   |
| 4              | 25(8) - Alteration in Memorandum & Articles of Association                             | 92                            | 50                                       | 42                   |
| 5              | 31 - Alteration in Articles through Special Resolution                                 | 2227                          | 2115                                     | 112                  |
| 6              | 224(3)&(7) - Appointment and remuneration of Auditors                                  | 38                            | 13                                       | 25                   |
| 7              | Section 394-A amalgamation of companies (pub/ pvt. Companies) by RD                    | 890                           | 670                                      | 220                  |
| 8              | 555(7)(b) - Company liquidation Accounts   | 611                           | 118                                      | 493                  |
| 9              | 560 striking of name of the companies in the Register maintained by ROC                | 12334                         | 7837                                     | 4497                 |
|                | <b>Total</b>   | <b>21687</b>                  | <b>15758</b>                             | <b>5929</b>          |

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**Liquidation of Companies (Applications received by Official Liquidators)**

**3.27** 6444 companies were under liquidation as on 31.3.2006 and 237 companies were taken into liquidation from 1.4.2006 to 31.12.2006. After taking

into account 81 companies finally wound up, the total number of companies under liquidation as on 31.12.2006 were 6600. The distribution of the companies in liquidation by their mode of winding up during 1.4.2006 to 31.12.2006 is given in table 3.6.

**Table 3.6**

**Distribution of the companies in liquidation by their mode of winding up during 1.4.2006 to 31.12.2006**

| <b>S. No.</b> | <b>Subject</b>                             | <b>Pending as on 31.3.2006</b> | <b>Received during the period 1.4.2006 to 31.12.2006</b> | <b>Total (Col. 3+4)</b> | <b>Disposed of during the period 1.4.2006 to 31.12.2006</b> | <b>Pending as on 31.12.2006</b> |
|---------------|--|--------------------------------|--|-------------------------|---|---------------------------------|
| <b>1</b>      | <b>2</b>                                   | <b>3</b>                       | <b>4</b>   | <b>5</b>                | <b>6</b>  | <b>7</b>                        |
| 1.            | Members Voluntary winding up               | 1268                           | 52   | 1320                    | 04  | 1316                            |
| 2.            | Creditors Voluntary winding up             | 148                            | 02   | 150                     | 10  | 140                             |
| 3.            | Winding up by Court                        | 5025                           | 183  | 5208                    | 67  | 5141                            |
| 4.            | Winding up subject to supervision of Court | 03                             | Nil  | 03                      | Nil   | 03                              |
|               | <b>Total</b>                               | <b>6444</b>                    | <b>237</b>   | <b>6681</b>             | <b>81</b>   | <b>6600</b>                     |